



THEORY OF SECURITIES REGULATION AND CORPORATE LAW

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Paul Halpern

Faculty of Law
University of Toronto

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Class I Agency Theory

M. Jensen, "Agency Costs of Free Cash Flow, Corporate Finance and Takeovers", <u>American Economic Review</u> , May 1988, pp 323-29	1
A. Thakor, "Strategic Issues in Financial Contracting: An Overview", <u>Financial Management</u> Summer 1989	8
B. Cornell and A. Shapiro, "Corporate Stakeholders and Corporate Finance", <u>Financial Management</u> , Spring 1987	28
A. Barnea, R. Haugen and L. Senbet, "Market Imperfections, Agency Problems, and Capital Structure: A Review", <u>Financial Management</u> , 1981	38

Class 2 Theory of the Firm

R.H. Coase, "The Nature of the Firm" (1937), <u>4 Economica</u> 286	2-1
Armen A. Alchian and Harold Demsetz, "Production, Information Costs, and Economic Organization" (1972) 62 Amer. Econ. Rev. 777	2-5
Benjamin Klein, Robert G. Crawford, and Armen A. Alchian, "Vertical Integration, Appropriable Rents, and the Competitive Contracting Process" (1978), 21 J. Law and Econ. 297.....	2-24
Sanford J. Grossman and Oliver D. Hart, "The Costs and Benefits of Ownership: A Theory of Vertical and Lateral Integration" (1986), 94 J. Pol. Econ. 961	2-53
Jeffrey G. MacIntosh, "Corporate Opportunities, Managerial Remuneration, and The Theory of the Firm" (unpublished, excerpt) To be handed out in class	

Class 3 Methodology of Event Studies and Efficient Capital Markets

K. Brown, W. Harlow, S. Tinic, "Risk Aversion, Uncertain Information and Market Efficiency", <u>JFE</u> Dec. 1988, pp 355-85	3-1
K. Wruck, "Equity Ownership Concentration and Firm Value: Evidence from Private Equity Financings", <u>JFE</u> , June 1989, pp 3-28	3-17

Class 4 Managerial Remuneration

Smith and Watts, Incentive and Tax Effects of Executive Compensation Plans' (1982), 7 Australian J. of Mgmt. 139	4-1
James A. Brickley, Sanjai Bhagat, and Ronald C. Lease, "The Impact of Long-Range Compensation Plans on Shareholder Wealth" (1985), 7 J. Acct. and Econ. 115	4-11
Michael C. Jensen and Kevin J. Murphy, "Performance Pay and Top Management Incentives" (1990), 98 J. Pol. Econ. 225	4-24

Class 5

Hour 1: Distinctive Features of Canadian Capital Markets and Their Impact on Corporate and Securities Law	
Ronald J. Daniels and Jeffrey G. MacIntosh, "Towards a Distinctive Canadian Corporate Law Regime" (unpublished)	5-1
Hour 2: Valuation Theory	

Class 6: Fairness Opinions

Draft Policy 9.1	6-1
Investment Dealers Association: Letter to O.S.C.	6-32
Glossary of Terms (re: Fairness Opinion)	6-45
The Amalgamation (re: Fairness Opinion)	6-49
V. Alboini: Letter to C.I.B.C.	6-56
Fairness Opinion re Time Air	6-64

Class 7: Restructurings, Part 1: Mergers and Acquisition

a) Proxy Contexts

- H. DeAngelo and L. DeAngelo, "Proxy Contests and the Governance of Publicly Held Corporations", <u>JFE</u> , 1989, 29-59	7-1
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b) Takeovers, M & A

- J. Pound, "The Information Effects of Takeover Bids and Resistance", JFE, 1988, 207-27 7-17
- M. Patry and M. Poitevin, "Hostile Takeovers: The Canadian Evidence", paper presented at Investment Canada Conference on Mergers, Toronto, November 1990 7-28

c) Sources of Gains

- Y. Amihud and B. Lev, "Risk Reduction as a Managerial Motive for Conglomerate Mergers", Bell Journal, 1981 (excerpt) 7-79
- A. Auerbach and D. Reishus, "The Impact of Taxation on Mergers and Acquisitions", (excerpt) ... 7-82
- R. Roll, "The Hubris Hypothesis of Corporate Takeovers", Journal of Business, 1986, (excerpt) 7-88

d) Review

- G. Jarrell, J. Brickley and J. Netter, "The Market for Corporate Control: The Empirical Evidence Since 1980", J. Econ. Perspectives, 1988 .. 7-94

Class 8: Restructurings, Part 2: Spin-offs, Sell-offs, Leveraged Buyouts, Management Buyouts

Michael C. Jensen, "Active Investors, LBOs, and the Privatization of Bankruptcy," unpublished, March 1989, Harvard Business School Working Paper No. 89-060 (forthcoming, Applied Journal of Corporate Finance) . 8-1

R. Morck, A. Shleifer and R. Vishny, "Characteristics of Targets of hostile and friendly takeovers" in A.J. Auerbach ed. Corporate Takeovers: Causes and Consequences (University of Chicago Press, Chicago, Illinois), 1988 8-21

_____, "Do Managerial Objectives Drive Bad Acquisitions?", Journal of Finance 8-36

S. Kaplan, "The Effects of Management Buyouts on Operating Performance and Value", JFE, 1989, pp 217-54 8-46

Class 9: Corporate Distributions: Share Repurchase and Dividend Policy

- L. Bagwell and J. Shoven, "Share Repurchases and Acquisitions: An Analysis of Which Firms Participate in A.J. Auerbach ed. pp 191-220 9-1
- T. Vermaelen, "Common Stock Repurchases and Market Signalling: An Empirical Study", JFE, 1981, pp 139-83 9-17
- _____, "Repurchase Tender Offers, Signalling and Managerial Incentives", Journal of Financial and Quantitative Analysis, 1984, pp 103-81 9-40
- H. Barclay and C. Smith, "Corporate Payout and Policy: Cash Dividends Open-Market Repurchases", JFE, 1988 pp 61-82 9-50

Class 10: The Role of Institutional Investors in the Marketplace

- James A. Brickley, Ronald C. Lease, and Clifford W. Smith, Jr., "Ownership structure and voting on antitakeover amendments", 20 J. Fin. Econ. 267 (1988) 10-1

Class 11: Should there be a Federal Securities Commission?

- Philip Anisman, Proposals for a Securities Market Law for Canada: Purpose and Porcess, Osgoode Hall Law Journal, 1981, 329 11-1

Class 12: Charter Shopping

- Ronald J. Daniels, "Should Provinces Compete? The Case for a Competitive Corporate Law Market, McGill Law Journal 1991 12-1